



APT SATELLITE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Discloseable Transaction

Execution of Term Sheet

On 20 September 2002, APT (HK), a wholly owned subsidiary of the Company, executed the Term Sheet with the Contractor and Loral Orion, each of which are independent third parties not associated with the Directors, chief executive officer and substantial shareholder of the Company and any of its subsidiaries or any of their associates as defined in the Listing Rules. The Term Sheet sets out the terms and conditions upon which Loral Orion has agreed to participate in the development of APSTAR V together with APT (HK) on a 50%-50% basis through the taking up of the Loral Orion Transponders and 50% of the Common Elements. The Term Sheet also makes amendments to the APSTAR V Satellite Procurement Agreement to reflect the terms and conditions set out in the Term Sheet.

TERM SHEET

Details of the Term Sheet are set out in the following:

Date

20 September 2002

Parties

1. the Contractor, a party independent of the Directors, chief executive officer and substantial shareholder of the Company and its subsidiaries and their respective associates as defined in the Listing Rules;
2. Loral Orion, a party independent of the Directors, chief executive officer and substantial shareholder of the Company and its subsidiaries and their respective associates as defined in the Listing Rules; and
3. APT (HK), a wholly-owned subsidiary of the Company

The Contractor and Loral Orion are fellow subsidiaries of the holding company Loral Space and Communications Limited.

Subject matter

Under the APSTAR V Satellite Procurement Agreement, the Contractor is to provide to APT (HK) the design, manufacturing, tests and delivery of APSTAR V, a high power satellite based on a FS1300 model satellite with 38 C-band and 16 Ku-band transponders, including ancillary launch and operation support services, data, training and equipment. Full details of the APSTAR V Satellite Procurement Agreement were disclosed under an announcement dated 8 January 2001, a circular dated 6 February 2001 and the same was approved by the shareholders of the Company.

Under the Term Sheet, Loral Orion has agreed to participate in the development of APSTAR V together with APT (HK) on a 50%-50% basis through the taking up of the Loral Orion Transponders and 50% of the Common Elements. The total amount Loral Orion will pay for the 50% interest in APSTAR V shall equal US\$115.1 million which is 50% of the initial projected costs of US\$230.2 million for the construction, insuring and launching of APSTAR V (the "Projected Costs"). Such amount shall be adjusted to reflect 50% of the actual costs of construction, insuring and launching APSTAR V, exclusive of the costs of certain satellite function modification required by Loral Orion, which shall be borne solely by Loral Orion. Loral Orion shall initially pay US\$57.55 million (the "Initial Amount") directly to the Contractor for the Initial Loral Orion Transponders and 25% of the Common Elements if the total purchase price under the APSTAR V Satellite Procurement Agreement is equal to the Projected Costs. In such event, payments made by APT (HK) under the APSTAR V Satellite Procurement Agreement shall be reduced by US\$57.55 million. In the case of launch pursuant to the Launch Agreement, or where the price under the APSTAR V Satellite Procurement Agreement is other than US\$230.2 million, the Initial Amount shall be paid pursuant to a payment plan to be agreed upon among the Contractor, Loral Orion, and APT (HK).

Loral Orion shall pay the remaining balance of US\$57.55 million (the "Remaining Balance") to APT (HK) in 4 installments over a period of 5 years from the in-service date of APSTAR V and title to the Remaining Loral Orion Transponders and 25% of the Common Elements shall pass to Loral Orion in installments corresponding to payments of the Remaining Balance by Loral Orion to APT (HK). The amount of the installments making up the Remaining Balance range between US\$10.66 million and US\$17.05 million and no interest is payable on such amounts.

Amendments to APSTAR V Satellite Procurement Agreement

The APSTAR V Satellite Procurement Agreement shall be amended to reflect the terms and agreements set out in the Term Sheet and such amendments shall cover, but not be limited to, the following:

- (a) If the Contractor receives the necessary United States government export licenses to allow for the launch of APSTAR V according to the terms of the Launch Agreement on or before 30 September, 2002, then APT (HK) shall proceed with the launch of APSTAR V on launch vehicle Long March 3B. If such export licenses have not been obtained by the Contractor by 30 September, 2002 then APSTAR V shall be launched on an alternative launch vehicle in order to ensure the timely launching of APSTAR V. APT (HK) and the Contractor shall jointly select the alternate launch vehicle. APSTAR V is still scheduled to be launched in the third quarter of 2003 even if an alternative launch vehicle is to be used. In the event that launch vehicle Long March 3B is not utilized for the launch of APSTAR V the Company plans to make arrangements, subject to the consent of the contractor under the Launch Agreement, so that the sum of approximately US\$17.97 million already paid under the Launch Agreement can be applied to the launch of future satellites of the group. The Directors are confident that the contractor under the Launch Agreement will provide consent to such an arrangement based on their existing and future business relationship.
- (b) With respect to APT (HK)'s special termination rights under the APSTAR V Satellite Procurement Agreement, such rights shall no longer apply in the event of a failure to obtain United States government export licenses as described therein, provided however that such event shall be considered an event of Force Majeure under the APSTAR V Satellite Procurement Agreement. Because an arrangement has been made for the use of an alternative launch vehicle as set out in (a) above the risk of not obtaining the required export licenses has been substantially reduced.

Other than as set out in this announcement, there are no other amendments material nature to be made to the APSTAR V Satellite Procurement Agreement. Further, there are no conditions to the implementation and completion of the transactions contemplated under the Term Sheet.

Definitive Agreements

APT (HK), the Contractor and Loral Orion have agreed to use their reasonable best efforts to complete and execute definitive agreements implementing the terms of the Term Sheet within 30 days of 20 September 2002. Until the definitive agreements implementing this Term Sheet have been finalized, the Term Sheet is binding upon, and is fully enforceable against the parties thereto.

REASONS FOR ENTERING INTO THE TERM SHEET AND AMENDING THE APSTAR V SATELLITE PROCUREMENT AGREEMENT

The Directors believe that the short-term outlook during the current global economic climate is uncertain and entering into the Term

Sheet will reduce the financial obligations of the Group significantly and allow re-allocation of the Group's resources. The Directors also consider that entering into the Term Sheet will significantly reduce the risks of the APSTAR V development schedule such that the timely replacement of APSTAR I will take place. The joint development of APSTAR V will not adversely impact the business and future plans of the Group since no agreements were previously made for the Loral Orion Transponders.

GENERAL

The Company and its subsidiaries are engaged in the provision of satellite transponder services for the international and Asia-Pacific broadcasting and telecommunications sectors. APSTAR V will be used for broadcasting services including direct broadcasting and satellite television, and telecommunications services including very small aperture terminal services, Internet applications and voice and data transmissions under the external fixed telecommunication network services licences.

INFORMATION TO SHAREHOLDERS

The Term Sheet constitutes a discloseable transaction of the Company under the Listing Rules. A circular setting out details of all of the transactions described above will be despatched to shareholders as soon as practicable.

Expression used in this Announcement

Expression	Meaning
"APSTAR V"	A new satellite based on a FS1300 model satellite with 38 C-band and 16 Ku-band transponders to be constructed pursuant to the Satellite Procurement Agreement
"APSTAR V Satellite Procurement Agreement"	The agreement dated 8 January 2001 for the procurement of the design, manufacturing, tests and delivery of APSTAR V which was approved by shareholders of the Company
"APT Transponders"	All of the transponders on APSTAR V except for the Loral Orion Transponders
"APT (HK)"	APT Satellite Company Limited, a limited liability company incorporated in Hong Kong with a principal place of business in Hong Kong
"Common Elements"	Elements on APSTAR V that are common to and/or shared by the Loral Orion Transponders and the APT Transponders
"Company"	APT Satellite Holdings Limited, a company incorporated in Bermuda with limited liability
"Contractor"	Space Systems/Loral, Inc., a corporation organised and existing under the laws of the State of Delaware, U.S.A. with its principle place of business in California, U.S.A.
"Directors"	The directors of the Company
"Initial Loral Orion Transponders"	the 6 standard C-band transponders, 3.5 extended C-band transponders and 4 Ku-band transponders to be taken up by Loral Orion by the payment of the Initial Amount directly to the Contractor
"Launch Agreement"	The agreement dated 8 January 2001 entered into between APT (HK) and China Great Wall Industry Corporation, a company registered under the laws of the People's Republic of China for the launching of APSTAR V on launch vehicle Long March 3B
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
"Loral Orion"	Loral Orion, Inc., a corporation organised and existing under the laws of the State of Delaware, United States of America with its principle place of business in New Jersey, United States of America.
"Loral Orion Transponders"	The 12 standard C-band transponders, 7 extended C-Band transponders, and 8 Ku-band transponders of APSTAR V
"Remaining Loral Orion Transponders"	the 6 standard C-band transponders, 3.5 extended C-band transponders and 4 Ku-band transponders to be taken up by Loral Orion by the payment of the Remaining Balance to APT (HK) in installments over a period of 5 years from the in-service date of APSTAR V
"Term Sheet"	The binding term sheet executed on 20 September 2002 which sets out the terms and conditions upon which Loral Orion has agreed to participate in the development of APSTAR V together with APT (HK) on a 50%-50% basis through the taking up of the Loral Orion Transponders and 50% of the Common Elements and which makes amendments to the APSTAR V Satellite Procurement Agreement
"US\$"	United States dollars

By Order of the Board

Brian Lo

Vice President and Company Secretary

Hong Kong, 20 September, 2002